

Federal Reserve Board

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Federal Reserve Board

- **Federal Reserve Board** - board of seven members (Governors) charged with governing banks and regulating the supply of money (p.481)
 - Term of a Governor is fourteen years
 - Each Governor can only serve one term
 - Once appointed, Governors may not be removed from office for their policy views.

Federal Reserve Board

- Part of the **Federal Reserve System** - "the Fed," the central bank of the United States. It was created by Congress to provide the nation with a safer, more flexible, and more stable monetary and financial system

History of the FRB

- The Federal Reserve was created on December 23, 1913, with the signing of the Federal Reserve Act by President Woodrow Wilson.
 - Created as a response to the Panic of 1907, & initial purpose was to prevent panics
- The Federal Reserve is an independent regulatory commission – does not come under a federal agency.

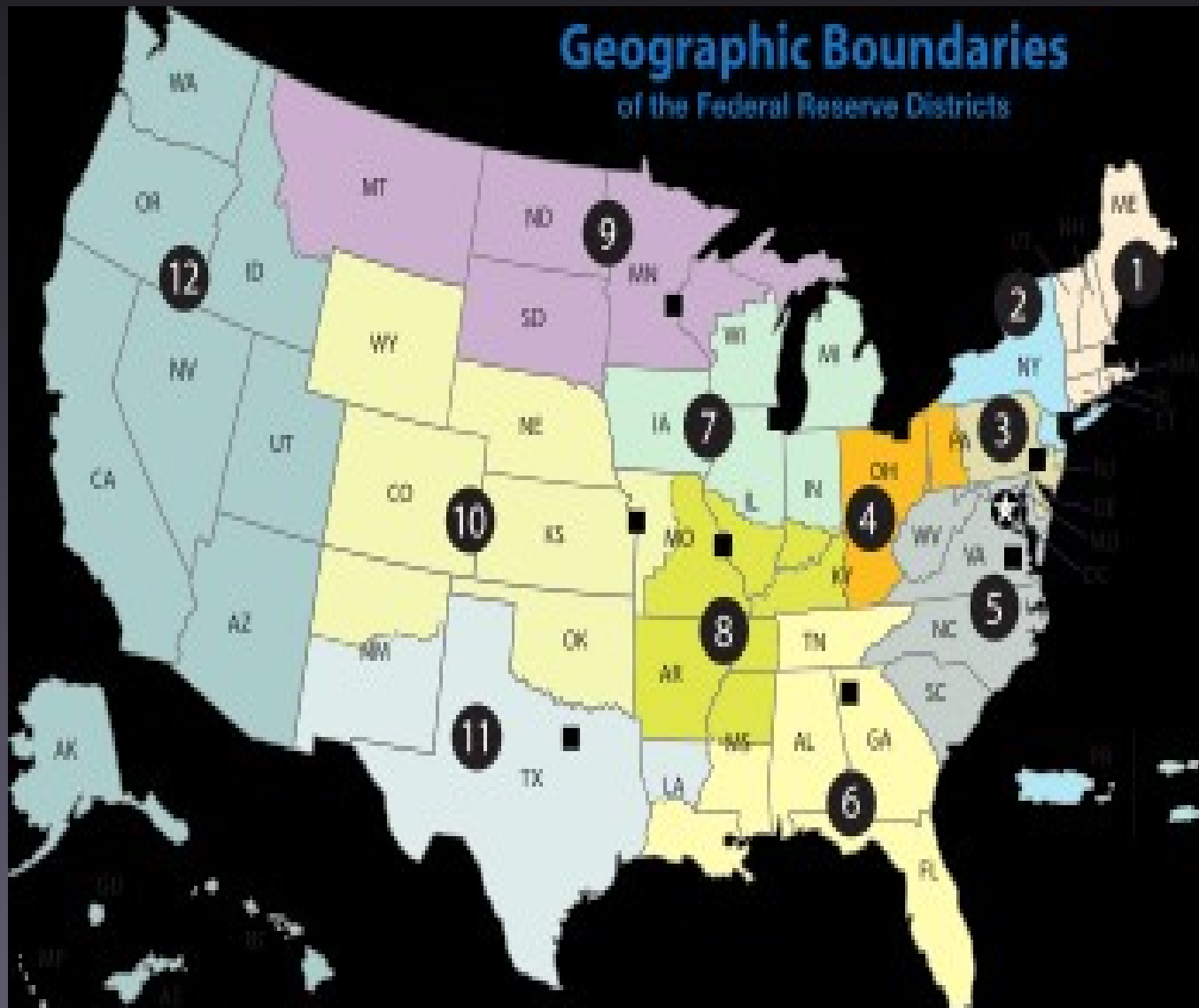
Current Purpose

- Current Purposes of the FRB -
 - supervising and regulating certain financial institutions and activities
 - providing banking services to depository institutions and the federal government
 - ensuring that consumers receive adequate information and fair treatment from banks

Jurisdiction

- The FRB is independent, but is overseen by Congress (Controlled by Congress)
- The FRB controls:
 - the Federal Reserve Banks
 - most of the nation's laws regarding consumer credit protection

Federal Reserve Banks



Current News

- Will New Credit Card Laws Hurt Women?
- Federal Reserve Board is developing rules, that limit banks' ability to offer credit. Now, issuers will have to take an applicant's income into account.

More Red Tape?

- No, the Federal Reserve Board is necessary
 - The Federal Reserve influences interest rates, stabilizing the financial system by controlling inflation.
 - During financial crises, it acts as the lender-of-last-resort, stabilizing the financial system

Video

- <http://www.youtube.com/watch?v=0PmXbTcOVhU>